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February 10, 1007

VIA EXPRESS MAIL

BOX TTAB NO FEE
Trademark Trial and Appeal Board
Patent and Trademark Office
2900 Crystal Drive
Arlington, Virginia 22202-3513

Re: GALLEON S.A. et al. v. HAVANA CLUB
HOLDINGS et al., Cancellation No. 24,108

Dear Trademark Trial and Appeal Board Staff:

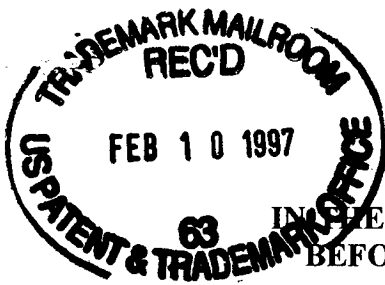
Enclosed, in duplicate, is Respondent's Memorandum Of Law In Opposition To
Petitioners' Rule 56(f) Motion and Respondents' Declarations In Opposition To Petitioners'
Rule 56(f) Motion.

Please acknowledge receipt thereof on the enclosed postcard. Thank you for
your attention.

Very truly yours,

Caroline Rule

CR/mp
Enclosures



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A.,
BACARDI-MARTINI U.S.A., INC., and
BACARDI & COMPANY LIMITED,

Petitioners,

-against-

HAVANA CLUB HOLDING, S.A.,

Respondent.

Registration No. 1,031,651

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Cancellation No. 24,108

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RESPONDENT'S MEMORANDUM OF LAW IN
OPPOSITION TO PETITIONERS' RULE 56(f) MOTION

ORIGINAL

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	iii
INTRODUCTION	1
I. PETITIONERS HAVE RAISED NO ACTUAL OR EVEN POTENTIAL ISSUE OF MATERIAL FACT IN RESPONSE TO RESPONDENT'S SUMMARY JUDGMENT MOTION, WHICH MUST THEREFORE BE GRANTED	2
A. Petitioners Have Not And Cannot Show Fraud In The Registration Of The HAVANA CLUB mark	2
1. Petitioners Cannot Show Fraud In The Application To Register The Mark	2
2. Petitioners Have Not Shown And Cannot Show Fraud In The Section 8 Affidavit	4
3. Petitioners' Claim That Respondent Fraudulently Renewed The United States Registration Of The HAVANA CLUB Trademark Falls With Petitioners' Other Claims	5
B. Assignments Of The United States Registration Of Respondent's HAVANA CLUB Mark Were Licensed By The United States Treasury Department's Office of Foreign Assets Control And Petitioners Therefore Cannot Show That They Were Illegal Under The Cuban Assets Control Regulations	6
C. There Are No Disputed Issues Of Fact Relevant To Petitioners' Claim Of Naked Assignment-In-Gross, Which Presents A Purely Legal Question And Is Thus Appropriate For Summary Judgment	11

D.	Petitioners Have Not Produced Any Evidence In Support Of Their Claim That Respondent Is Using The HAVANA CLUB and Design Trademark To Misrepresent The Source Of Its Goods And Summary Judgment Is Thus Appropriate In Respondent's Favor	18
1.	Petitioners Have Not Pleaded An Adequate Claim Of Misrepresentation Of Source Under Section 14(3) And This Claim Should Therefore Be Dismissed	18
2.	Petitioners Have Not Put Forward Any Facts To Support Their Claim Of Misrepresentation Of Source Under Section 14(3) And Summary Judgment Should Therefore Be Granted In Respondent's Favor	20
II.	SUMMARY JUDGMENT IS APPROPRIATE BECAUSE PETITIONERS' VAGUE AND CONCLUSORY RULE 56(f) AFFIDAVIT DOES NOT EVEN SUGGEST THAT DISCOVERY WOULD ALTER RESPONDENT'S SHOWING THAT THERE ARE NO ISSUES OF MATERIAL FACT TO BE DETERMINED IN THIS CASE	22
A.	Summary Judgment May Properly Be Granted Prior To Discovery	23
B.	Petitioners' Rule 56(f) Affidavit Is Inadequate To Require Discovery	24
C.	Petitioners' Proposed Discovery Requests Seek Irrelevant Information	30
	CONCLUSION	35

TABLE OF AUTHORITIES

CASES

<i>Ace Hardware Co., Inc. v. Ace Hardware Corp.</i> , 532 F. Supp. 770, 218 U.S.P.Q. 240 (N.D.N.Y. 1982)	27
<i>Burnside-Ott Aviation Training Center, Inc. v. United States</i> , 985 F.2d 1574 (Fed. Cir. 1993)	25
<i>Celotex Corp. v. Catrett</i> , 477 U.S. 317 (1986)	25
<i>Colip v. Clare</i> , 26 F.3d 712, 716 (7th Cir. 1994)	11
<i>Combined Oil Industries, Ltd. v. Oil Master, Inc.</i> , 209 U.S.P.Q. 646 (N.D. Ill. 1980)	15-16, 16
<i>Dunkin' Donuts of America v. Mettallurgical Exoproducts Corp.</i> , 840 F.2d 917, 6 U.S.P.Q.2d 1026 (Fed. Cir. 1988)	25
<i>E.F. Pritchard Co. v. Consumers Brewing Co.</i> , 136 F.2d 512 (6th Cir. 1943), <i>cert. denied</i> , 321 U.S. 763 (1944)	16-17, 17
<i>First Savings Bank, F.S.B. v. First Bank System, Inc.</i> , 902 F. Supp. 1366 (D. Kan. 1995), <i>rev'd on other grounds</i> , 101 F.3d 645, 40 U.S.P.Q.2d 1865 (10th Cir. 1996)	28
<i>Galleon S.A. v. Havana Club Holding, S.A.</i> , Cancellation No. 24,108 (T.T.A.B. July 8, 1996)	12
<i>Harris v. Duty Free Shoppers Ltd.</i> , 940 F.2d 1272 (9th Cir. 1991)	25, 30
<i>Hudson River Sloop Clearwater, Inc. v. Department of the Navy</i> , 891 F.2d 414 (2d Cir. 1989)	22
<i>Jarvis v. Nobel/Sysco Food Services Co.</i> , 985 F.2d 1419 (10th Cir. 1993)	18, 29

<i>Jernberg Forgings Co. v. United States</i> , 598 F. Supp. 390 (C.I.T. 1984)	32, 33
<i>Jose Ma. Arechabala Rodrigo v. Havana Rum & Liquors</i> , Cancellation No. 22,881 (T.T.A.B. Oct. 19, 1995)	12-13
<i>Keebler Co. v. Murray Bakery Products</i> , 866 F.2d 1386, 9 U.S.P.Q.2d 1736 (Fed. Cir. 1989)	23, 27, 34
<i>Licari v. Ferruzzi</i> , 22 F.3d 344 (1st Cir. 1994)	2, 25, 30
<i>Maljack Productions v. GoodTimes Home Video Corp.</i> , 81 F.3d 881 (9th Cir. 1996)	25, 33
<i>Meiri v. Dacon</i> , 759 F.2d 989 (2d Cir.), <i>cert.</i> <i>denied</i> , 474 U.S. 829 (1985)	27
<i>Nestle Foods Corp. v. Aetna Casualty and Surety Co.</i> , 135 F.R.D. 101 (D.N.J. 1990)	32
<i>Nestor Colon Medina & Sucesores, Inc.</i> <i>v. Custodio</i> , 964 F.2d 32 (1st Cir. 1992)	2
<i>Opryland USA Inc. v. Great American Music Show</i> , <i>Inc.</i> , 970 F.2d 847, 23 U.S.P.Q.2d 1471 (Fed. Cir. 1992)	25
<i>Orion Group, Inc. v. The Orion Insurance Co.</i> , 12 U.S.P.Q.2d 1923 (T.T.A.B. 1989)	1
<i>Powers v. McGuigan</i> , 769 F.2d 72 (2d Cir. 1985)	30-31
<i>Pure Gold, Inc. v. Syntex (U.S.A.), Inc.</i> , 739 F.2d 624, 222 U.S.P.Q. 741 (Fed. Cir. 1984)	22, 24
<i>Qualls v. Blue Cross of California, Inc.</i> , 22 F.3d 839 (9th Cir. 1994)	30
<i>Reflectone, Inc. v. Farrand Optical Co., Inc.</i> , 862 F.2d 841 (11th Cir. 1989)	23
<i>Rhone Poulenc Industries v. Gulf Oil Corp.</i> , 198 U.S.P.Q. 372 (T.T.A.B. 1878)	30

<i>Rhone-Poulenc Rorer Inc. v. Home Indemnity Co.</i> , 20 Fed. R. Serv. 3d 1479, 1991 WL 78200 (E.D. Pa. May 7 1991)	32
<i>Richman v. W.L. Gore & Associates, Inc.</i> , 881 F. Supp. 895 (S.D.N.Y. 1995)	23
<i>Rogers v. Ercona Camera Corp.</i> , 277 F.2d 94, 124 U.S.P.Q. 489 (D.C. Cir. 1960)	15, 16
<i>Sage Realty v. Insurance Co. of North America</i> , 34 F.3d 124 (2d Cir. 1994)	22
<i>SCOA Indus., Inc. v. Kennedy & Cohen, Inc.</i> , 188 U.S.P.Q. 411 (T.T.A.B. 1975), <i>appeal</i> <i>dismissed</i> , 189 U.S.P.Q. 15, 530 F.2d 953 (C.C.P.A. 1976)	3
<i>Simmons Oil Corp. v. Tesoro Petroleum Corp.</i> , 86 F.3d 1138 (Fed. Cir. 1996), <i>cert. denied</i> , 449 U.S. 1082 (1981)	24
<i>Snook v. Trust Co. of Georgia Bank of Savannah</i> , N.A., 859 F.2d 865 (11th Cir. 1988)	31
<i>Strang Corp. v. Stouffer Corp.</i> , 16 U.S.P.Q.2d 1309 (T.T.A.B. 1990)	1, 34
<i>Strang v. United States Arms Control and Disarmament</i> <i>Agency</i> , 864 F.2d 859 (D.C. Cir. 1989)	28
<i>Sweats Fashions, Inc. v. Pannill Knitting Co.</i> , 833 F.2d 1560 (Fed. Cir. 1987)	21
<i>United States Olympic Committee v. O-M Bread, Inc.</i> , 29 U.S.P.Q.2d 1555 (T.T.A.B. 1993)	28, 30
<i>United States through Small Business Administration</i> <i>v. Light</i> , 766 F.2d 394 (1985)	23
<i>United States v. Private Sanitation Industry</i> <i>Association</i> , 811 F. Supp. 808 (E.D.N.Y. 1992), <i>aff'd</i> , 995 F.2d 375 (2d Cir. 1993)	22

<i>Vasapolli v. Rostoff</i> , 864 F. Supp. 215 (D. Mass. 1993), <i>aff'd</i> , 39 F.3d 27 (1st Cir. 1994)	25
<i>Ying Jing Gan v. City of New York</i> , 996 F.2d 522 (2d Cir. 1993)	28

STATUTES AND TREATIES

Lanham Act § 8, 15 U.S.C. § 1058	<i>passim</i>
§ 14(3), 15 U.S.C. § 1064(3)	<i>passim</i>
§ 44, 15 U.S.C. § 1126	<i>passim</i>
§ 44(b), 15 U.S.C. § 1126(b)	13
Cuban Assets Control Regulations, 31 C.F.R. Part 515	<i>passim</i>
31 C.F.R. § 515.201	6
§ 515.311	6
§ 515.302(a)(2)	9
§ 515.527	13
§ 515.560(c)(3)	12
§ 550.209	13
§ 560.509	13
§ 565.201 (1993)	13
§ 570.516 (1993)	13
§ 575.201	13
§ 585.201 (1993)	13
§ 585.515	13
37 C.F.R. § 2.120(c)	30

Fed. R. Civ. P. 56	<i>passim</i>
Fed. R. Civ. P. 12(h)	18
Paris Convention For Protection Of Industrial Property, 21 U.S.T. 1583, 24 U.S.T. 2140, T.I.A.S. 6923	13, 14, 15
General Inter-American Convention for Trademark and Commercial Protection, 46 Stat. 2907, Treaty Series 833, 2 Bevans 751	14

OTHER AUTHORITIES

J. Moore, <i>Moore's Federal Practice</i> (1996)	19
J.T. McCarthy, <i>McCarthy on Trademarks and Unfair Competition</i> (4th ed. 1996)	<i>passim</i>
United States Department of State, <i>U.S. Treaties in Force -January 1, 1996</i>	14

Respondent Havana Club Holding, S.A., owner of the United States registration of the trademark HAVANA CLUB and design, Registration No. 1.031,651 respectfully submits this memorandum of law in opposition to petitioners' Rule 56(f) motion.

INTRODUCTION

In its moving papers, respondent demonstrated that there was no issue of material fact relevant to any of petitioners' remaining claims in this action. Petitioners have not explained why the specific facts established by respondent do not entitle respondent to judgment as a matter of law, and have produced absolutely no evidence to contradict respondent's evidentiary showing. Instead, they attempt to justify continuation of this litigation on the sole ground that they have not conducted discovery. Discovery, however, is irrelevant to petitioners' claims, which have been revealed by respondent's moving papers either to be legally deficient or precluded by evidence so overwhelming that it would be reckless of petitioners to continue to assert them in the face of respondent's evidence.¹ Summary judgment should therefore be granted to respondent.

This is sufficient ground in itself to deny petitioners' Rule 56(f) motion, but even if respondents had not conclusively demonstrated that there is no issue of material fact to be decided in this case as a matter of law, petitioners' Rule 56(f) motion should be denied on the ground that it fails to particularize any material facts that petitioners reasonably expect discovery to reveal. "To satisfy Rule 56(f), a party must 'articulate a plausible basis for the belief that

¹Petitioners' claim that they have had no opportunity at all for discovery overstates the case. Discovery opened for petitioners on the date that the petition for cancellation was sent to respondent, i.e. on August 15, 1995. *Strang Corp. v. Stouffer Corp.*, 16 U.S.P.Q.2d 1309, n.6 (T.T.A.B. 1990) (petitioner may serve discovery requests after service of petition on respondent); *Orion Group, Inc. v. The Orion Insurance Co.*, 12 U.S.P.Q.2d 1923, n.1 (T.T.A.B. 1989) (discovery opens for petitioner on date notice of petition is sent to defendant). Respondent's motion to dismiss the petition was filed on November 22, 1995.

discoverable materials exist which would raise a trialworthy issue'," *Licari v. Ferruzzi*, 22 F.3d 344, 350 (1st Cir. 1994) (quoting *Nestor Colon Medina & Sucesores, Inc. v. Custodio*, 964 F.2d 32, 38 (1st Cir. 1992)), and petitioners have not done so.

Finally, even if this Board were to find that petitioners' undifferentiated Rule 56(f) motion does reveal a potential concrete issue of material fact, the generalized denial of respondent's summary judgment motion sought by petitioners would be unjustified. Certain claims may be disposed of, if not others, and the litigation narrowed. Further, Rule 56(d) requires the tribunal deciding a summary judgment motion "if practicable [to] ascertain . . . what material facts are actually and in good faith controverted" and then to "make an order specifying the facts that appear without substantial controversy" which will then "be deemed established" at a trial. Fed. R. Civ. P. 56(d). Consequently, any discovery permitted petitioners by this Board should be narrowly focused toward what specific factual issue the Board deems may be controverted, and summary judgment should be granted to respondent on all other issues.

I. PETITIONERS HAVE RAISED NO ACTUAL OR EVEN POTENTIAL ISSUE OF MATERIAL FACT IN RESPONSE TO RESPONDENT'S SUMMARY JUDGMENT MOTION, WHICH MUST THEREFORE BE GRANTED

A. Petitioners Have Not And Cannot Show Fraud In The Registration Of The HAVANA CLUB mark

1. Petitioners Cannot Show Fraud In The Application To Register The Mark

Petitioners claim that Cubaexport, the original registrant of the HAVANA CLUB and Design mark in the United States, fraudulently claimed ownership of the mark at the time of its application to register it. (Pet. ¶¶ 22, 24, 42-45.) As respondent incontrovertibly demonstrated in its moving papers, however, the only trademark ownership Cubaexport claimed in its Section 44 application submitted in 1974 was ownership of a trademark registration in

Cuba. (Rule Dec. III Exh. A.) Petitioners have not contradicted this fact, nor, given the plain terms of the Section 44 application, *could* they controvert it. Cubaexport's submission to the Patent and Trademark Office of a genuine certificate of Cuban registration (which petitioners have not disputed is a genuine document) is conclusive evidence of the validity of its Section 44 trademark application. (Resp. Mem.² pp. 22-23.)

Moreover, even if Cubaexport had claimed ownership of the HAVANA CLUB trademark *in the United States* in its application (which it did not do as the application itself reveals), this *could not* have constituted fraud as a matter of law, because only "material information . . . which, if transmitted and disclosed to the Examiner, would have resulted in disallowance of the registration sought" can form the basis for a valid fraud claim. *SCOA Indus., Inc. v. Kennedy & Cohen, Inc.*, 188 U.S.P.Q. 411, 414 (T.T.A.B. 1975), *appeal dismissed*, 189 U.S.P.Q. 15, 530 F.2d 953 (C.C.P.A. 1976). Cubaexport's Section 44 registration was issued solely on the basis of Cubaexport's registration of the same mark in Cuba, and not on the basis of any rights to the mark in the United States. Consequently, even if Cubaexport had made some claim to United States rights in its application for registration, this would have been immaterial to the registration, and thus could not have constituted fraud.³ (Resp. Mem. pp. 17-18.) Petitioners have not even addressed this necessary conclusion, let alone suggested how they might controvert it.

²The Memorandum Of Law In Support Of Respondents' Motion For Summary Judgment And To Dismiss submitted to this Board on October 18, 1996 is cited as "Resp. Mem."

³Petitioners' claim that they require discovery on the "intent" of Cubaexport in filing its application to register the mark is thus revealed to be meaningless.

The facts i.) that Cubaexport submitted to the Patent and Trademark Office a genuine certificate of Cuban registration of its HAVANA CLUB trademark, and ii.) did not make any (let alone any material) claim of ownership of United States rights to the trademark in its application, both "exist without substantial controversy," "cannot actually and in good faith" be controverted, Fed. R. Civ. P. 56(d), and dispose entirely of petitioners' claim of fraud in the application.⁴

2. Petitioners Have Not Shown And Cannot Show Fraud In The Section 8 Affidavit

The petition alleged that Cubaexport fraudulently filed a Section 8 affidavit stating that its HAVANA CLUB trademark was "still in use in commerce" (Pet. ¶ 44), although it had not been legally possible for Cubaexport to use the mark in the United States since its registration due to the United States embargo of Cuban-origin goods.

Respondents' moving papers, however, demonstrate conclusively i) that Cubaexport's Section 8 affidavit stated only that the mark was "in use" and did not specify that the mark was in use "in commerce" in the United States, nor indeed in which countries the mark was being used (Rule Dec. III. Exh. C), and ii.) that, at the time Cubaexport filed its Section 8

⁴The petition for cancellation alleged that Cubaexport fraudulently applied for registration of its mark in the United States with knowledge that the mark "was still associated" with a former rum manufacturer, Arechabala, S.A. (Pet. ¶¶ 21-23.) Petitioners do not appear to press this allegation in their response to respondent's motion for summary judgment but, in any event, have not controverted respondent's showing that Arechabala, S.A. had long-abandoned the HAVANA CLUB trademark in the United States when Cubaexport applied in 1974 to register it, having allowed its registration of the mark to be cancelled in 1962 and having last sold rum in the United States under that trademark at the latest in 1969. (Resp. Mem. pp. 43-49). The fact that Arechabala, S.A. had presumptively abandoned the HAVANA CLUB mark prior to 1974 is not "actually and in good faith controverted," Fed. R. Civ. P. 56(d), by petitioners; nor have petitioners rebutted this presumption of abandonment with even a trace of evidence. *See post* pp. 20-22.

affidavit, it was using the HAVANA CLUB trademark extensively in international commerce outside the United States (Resp. Mem. pp. 29). Petitioners' response to the summary judgment motion does not (and could not in good faith) controvert these facts, which are all that is required to demonstrate that petitioners' claim of fraud in the filing of the Section 8 affidavit is without foundation.

Petitioners have not disputed respondent's showing that Cubaexport was not legally obliged to make a statement concerning use of its mark in the United States on January 13, 1982 when it filed its Section 8 affidavit. (Resp. Mem. pp. 29-30.) *See also* J.T. McCarthy, 4 *McCarthy on Trademarks and Unfair Competition* (4th ed. 1996) at § 29.19 ("[p]rior to [August 27, 1982], a foreign party with a U.S. registration acquired without U.S. use could keep the U.S. registration alive by filing a § 8 affidavit without U.S. use since Lanham Act § 8 only required an affidavit that the registered mark was 'still in use' anywhere in the world"). Since, in its Section 8 affidavit, Cubaexport made only the uncontroverted, truthful claim that it was using the HAVANA CLUB mark somewhere in the world, petitioners' proposed discovery about Cubaexport's "intent" in making this statement, which was non-fraudulent as a matter of law, is utterly irrelevant.

3. Petitioners' Claim That Respondent Fraudulently Renewed The United States Registration Of The HAVANA CLUB Trademark Falls With Petitioners' Other Claims

It is almost unnecessary to point out that, since there was no fraud in the application for, nor in the Section 8 affidavit relating to, the United States registration of the HAVANA CLUB trademark at issue here, there could as a matter of law be no fraud on these grounds with respect to respondent's renewal of the registration last year. Petitioners' other claim

with respect to the registration renewal -- that assignments which resulted in respondent's ownership of the HAVANA CLUB trademark were illegal -- are also without any basis, as is demonstrated *post*. There was therefore no fraud in the renewal.

B. Assignments Of The United States Registration Of Respondent's HAVANA CLUB Mark Were Licensed By The United States Treasury Department's Office of Foreign Assets Control And Petitioners Therefore Cannot Show That They Were Illegal Under The Cuban Assets Control Regulations

Petitioners have alleged that assignments of the United States registration of the HAVANA CLUB mark violate the Treasury Department's Cuban Assets Control Regulations, 31 C.F.R. Part 515. They have not, however, produced any evidence that creates a genuine issue of material fact with respect to this issue. Rather, they invite this Board to embark upon an inquiry which it has neither authority (nor need) to undertake -- to review and set aside the license issued by the Treasury Department's Office of Foreign assets Control authorizing the assignments.

The Cuban Assets Control Regulations prohibit transfers of property in which a Cuban entity has an interest, 31 C.F.R. §§ 515.201(b)(2), 515.311, *except* when "specifically authorized . . . by means of . . . licenses." 31 C.F.R. § 515.201(a). The assignments here were licensed by the Treasury Department's Office of Foreign Assets Control ("OFAC") in License No. C-18147, which was previously submitted to this Board.⁵ Respondent's counsel wrote to OFAC applying for:

⁵Petitioners' attack on the validity of this license is based in large part on the fact that respondent did not submit Cubaexport's application for that license in its moving papers. The application is submitted herewith, however, (Krinsky Dec. III. Exh. A (the Declaration of Michael Krinsky submitted in opposition to petitioner's Rule 56(f) motion is cited as "Krinsky Dec. III")), and incontestibly confirms that the specific assignments of the United States registration of the HAVANA CLUB mark at issue here were licensed by OFAC.

a specific license authorizing the assignment of the "Havana Club" trademark registered in the United States Patent and Trademark Office on January 27, 1976 as registration No. 1,031,651 by the registrant Cubaexport (Empresa Cubana Exportadora de Alimentos y Productos Varios), to Havana Rum & Liquors, S.A. and from Havana Rum & Liquors, S.A. to Havana Club Holding, S.A. Said assignments were accepted for recording and were recorded by the United States Patent and Trademark Office on February 10, 1994 and September 13, 1994 respectively.

In addition to setting forth the dates when the assignments were recorded, which unmistakably predated the application, the application recited that "the Cuban Assets Control Regulations authorize issuance of retroactive licenses, see 31 C.F. R. § 515.502, and OFAC has issued such licenses in the past (see, e.g., the license in an unrelated matter attached hereto.)" (Krinsky Dec. III. Exh. A.)

In response to this application, OFAC issued License No. C-18147, dated November 13, 1995. (Krinsky Dec. III. Exh. A.) Addressed to Cubaexport c/o counsel, the license explicitly states that it is issued "pursuant to your October 5, 1995 application" and provides that "the following transaction is hereby licensed: All necessary transactions are authorized incident to the following assignments of trademark registrations in the U.S. Patent and Trademark Office: (1) from Havana Club [sic]⁶ to Havana Rum & Liquors, S.A.; and (2) from Havana Rum & Liquors, S.A. to Havana Club Holdings, S.A." (Krinsky Dec. III Exh. A.) That

⁶License No. C-18147 contained a typographical error which put the words "Havana Club," the subject of the license application, after rather than before a colon. A plain reading of the license, and the license in conjunction with the explicitly referenced license application, shows that the transaction licensed by OFAC was the assignment of the HAVANA CLUB registration by Cubaexport, to whom the license is addressed, "to Havana Rum & Liquors, S.A. and (2) from Havana Rum & Liquors, S.A. to Havana Club Holdings, S.A." Any alternative reading would be nonsensical, as there would be no mark specified in the license, but in any event would produce the same result, as the license would license the assignment of any and all trademarks from Cubaexport. (Krinsky Dec. III Exh. A.)

the license application expressly specified dates of the assignment's recordation with the PTO well before the application's date and expressly invoked OFAC's authority to issue "retroactive licenses", and that License No. C-18147 explicitly states that it is being issued pursuant to that application, demonstrates that the license was meant to and has retroactive effect, contrary to petitioners' assertion. (P. Opp. Mem.⁷ p.12.)

Petitioners cannot dispute and have not disputed that License No. C-18147 was issued, and is extant and unmodified. Instead, they rely on a letter from OFAC to their attorney which makes no reference at all to License No. C-18147 but, rather, in what is a carefully-framed formulation, states that "review of our licensing files shows no license was issued to authorize the assignment of the trademark *as described in your letter*." (Krinsky Dec. III. Exh. B (emphasis added).)⁸ Petitioners' *ex parte* letter to OFAC, which prompted the reply from OFAC, likewise makes no reference to License No. C-18147, and the transaction it describes is a far cry from the transaction shown by the proofs here -- differing in ways presumably material to OFAC. The mark was not, as asserted in defendant's letter (and repeated here (P. Opp. Mem. p.6)), assigned to a company "owned and controlled by Pernod Ricard S.A., a French company,"; rather, respondent's uncontroverted evidence establishes that a Cuban company owned and controlled exclusively by Cuban nationals -- Havana Rum & Liquors, S.A. -- owns 50% of respondent

⁷Petitioners' Memorandum Of Law In Opposition To Respondents' Motion For Summary Judgment is cited as "P. Opp. Mem."

⁸Petitioners submitted to this Board only a redacted version of OFAC's letter to their attorney, and did not submit their letter to OFAC. True and accurate copies of petitioners' counsel's letter to OFAC, and OFAC's unredacted response are, however, attached to the Declaration of Michael Krinsky submitted herewith. Respondent was not party and had no contemporaneous knowledge of these communications. (Krinsky Dec. III. Exh. B.)

Havana Club Holding, S.A. and has 50% representation on its board of directors, and Pernod Ricard, S.A. has an equal, but not greater, ownership interest and representation. (Perdomo Dec. III ¶ 2.)⁹ Nor, contrary to the suggestion in defendants' letter, was the assignment of the United States registration an isolated transaction; rather, it was part and parcel of, and a necessary consequence of, the reorganization of the on-going, successful HAVANA CLUB business, which reorganization would have occurred, and for which there was more than sufficient inducement, even if the mark had never been registered in the United States. (Perdomo Dec. II; Abarrategui Dec. II.)¹⁰

⁹On account of Havana Rum & Liquor, S.A.'s 50% ownership and control, Havana Club Holding, S.A. is a "national" of Cuba within the meaning of the Cuban Assets Control Regulations, 31 C.F.R. § 515.302(a)(2), and is thus fully as subject to the Regulations as were its predecessors in the HAVANA CLUB business.

In addition, important considerations of reciprocity are presented in this case, particularly when it is understood that the assignments were an incident to the overall reorganization of an ongoing business. A large number of United States companies and third-country companies substantially owned or controlled by United States companies have registered their trademarks in Cuba, as is permitted by OFAC's regulations; there are at least 400 such registrations at present, according to the Cuban Vice-President Carlos Lage in his recent address to the United Nations General Assembly (Rodriguez Dec. (the Declaration of Sara Marta Diaz Rodriguez submitted in opposition to petitioners' Rule 56(f) motion is cited as "Rodriguez Dec.")). As attested to by the head of the legal department of Cuba's Chamber of Commerce in her declaration here, the Cuban authorities have permitted those companies to assign the trademarks registered in Cuba and to record such assignments. Significantly, these assignments have often been occasioned by circumstances comparable to that here: merger of a company owning the registered trademark with another company, acquisition of a company owning the registered trademark by another company, or some other reorganization of the business to which the trademark pertains. (Rodriguez Dec.)

¹⁰From 1972 to 1993, the Cuban enterprise Empresa Cubana Exportadora de Alimentos y Productos Varios, known as "Cubaexport," marketed a Cuban-origin rum under the trademark HAVANA CLUB and owned all assets associated with the HAVANA CLUB business, including the HAVANA CLUB trademark as registered in Cuba and 18 other countries. Under Cubaexport, HAVANA CLUB rum enjoyed substantial international success, and was marketed in over twenty countries, with the most significant markets being Canada, Western Europe and Mexico. In 1993, a decision was made to increase the already substantial export of HAVANA CLUB rum by

License No. C-18147 is dispositive. This Board has no authority to review OFAC's actions in issuing it, let alone need to do so. OFAC may revisit License No. C-18147 if it wishes but, as this license was issued, is extant, and licenses the assignments of the HAVANA CLUB registration at issue here, there is absolutely no basis for petitioner's claim that the assignments violated OFAC's regulations.

In addition, since OFAC License No. C-18147 is dispositive, there is no basis for petitioners' assertion that they should be permitted to take discovery on "knowledge of lack of compliance with the Cuban Assets Control Regulations" (Golden Aff. ¶ 11(c).) Because petitioners' proposed discovery on this question seeks to go behind OFAC's issuance of the license -- petitioners can only be hoping to find some evidence to suggest that OFAC should not

reorganizing Cuba's HAVANA CLUB rum business to incorporate a foreign partner. To that end, agreement was reached with the French company Pernod Ricard, S.A. (a) to form Havana Club Holding, S.A. with 50% equity interest and 50% representation on its board of directors to be held each by a newly-formed Cuban company, Havana Rum & Liquors, S.A., and by Pernod Ricard, S.A. and contemporaneously (b) to form Havana Club International, S.A. with 50% interest and corresponding board representation to be held by both Havana Rum & Liquors, S.A. and Pernod Ricard, S.A. through direct holdings and through their holdings in Havana Club Holding, S.A. Pursuant to this reorganization plan, *all* of the assets associated with the HAVANA CLUB rum business were transferred by Cubaexport to Havana Rum & Liquors, S.A., which then transferred them to Havana Club Holding, S.A.; and Havana Club International, S.A. was granted an exclusive license to sell HAVANA CLUB rum and to use the HAVANA CLUB trademark in connection therewith. (Abarrategui Dec. II ¶¶ 17-21; Perdomo Dec. II ¶ 3-8.)

Respondents' uncontradicted evidence shows that the assignments of the United States registration of the HAVANA CLUB mark -- from Cubaexport to Havana Rum & Liquors, S.A. and then to respondent Havana Club Holding, S.A. -- were undertaken as an incident of the reorganization of the entire HAVANA CLUB rum business to include a 50% foreign partner in the business. (Resp. Mem. pp. 6-9) The evidence also establishes that these assignments were recorded in the Patent and Trademark Office. (Bernheim Aff. Exhs. F, G.) Petitioners do not even contest that these assignment took place as part of a general reorganization of the HAVANA CLUB rum business as described by respondent, or that the assignments were made pursuant to an agreement by which the entire HAVANA CLUB rum business was transferred to respondent and its licensee, Havana Club International, S.A.

have issued the license -- such discovery goes to an issue that is not within this Board's jurisdiction and is thus irrelevant to this action.¹¹

C. There Are No Disputed Issues Of Fact Relevant To Petitioners' Claim Of Naked Assignment-In-Gross, Which Presents A Purely Legal Question And Is Thus Appropriate For Summary Judgment

The question presented by petitioners' claim of abandonment through a naked assignment -- whether a Section 44 registrant, which is unable to use its trademark in connection with sales in the United States of a product which is sold under the mark elsewhere internationally and is known by United States consumers, *and* whose nonuse is excused through illegality of use, may transfer its rights to the mark in the United States as an incident of its business reorganization -- is a question of law as to which discovery is irrelevant. Petitioners base their opposition to respondent's motion for summary judgment on this claim solely on the ground that the registered owners of the HAVANA CLUB have not used the mark in connection with sales of HAVANA CLUB rum in the United States because they cannot legally do so. Since respondent does not claim to have so used its mark, petitioners' claim of assignment-in-gross rests on a legal question which may properly be resolved on summary judgment; a question of law is appropriate for summary judgment, even if there has been no discovery. *Colip v. Clare*, 26 F.3d 712, 716 (7th Cir. 1994).¹²

¹¹Moreover, discovery from *respondent* obviously would not negate the issuance of License No. C-18147 by OFAC, and petitioners have not stated that they wish to seek discovery of anyone other than respondent's affiants.

¹²As already stated, petitioners have not even contested respondent's conclusive showing that assignments of the United States registration of the HAVANA CLUB trademark were incidental to the reorganization and transfer of the worldwide HAVANA CLUB rum business through the inclusion of a 50% foreign partner. Neither have petitioners even attempted to refute or contradict respondent's showing that their Cuban HAVANA CLUB rum is well-known in the

Petitioners' legal contention that any assignments of the extant United States registration of the HAVANA CLUB mark must necessarily be invalid as a matter of law -- on the ground that there can be no trademark rights in the United States without use of the mark in this country -- side-steps the unique position of marks registered under Section 44 by nationals of embargoed countries. The principle that trademarks have a territorial existence, enunciated in cases cited by petitioners (P. Opp. Mem. pp. 14-15), is not violated where, as here, a registrant's asserted rights do not rest on use of the mark outside this country but rather on the registrant's ownership of the *United States* Section 44 registration of the mark; *and* where the registrant's nonuse of the mark in this country is excused as a matter of law. *Galleon S.A. v. Havana Club Holding, S.A.*, Cancellation No. 24,108 (T.T.A.B. July 8, 1996) slip. op. at pp.10-11 (dismissing petitioners' claim of abandonment through nonuse); *Jose Ma. Arechabala Rodrigo*

United States -- through constant media attention, exposure to the rum by United States visitors to Cuba, and through the legal importation of the rum into the by returning United States visitors to Cuba. (Resp. Mem. pp. 11-16, 32-33.) While unnecessary to respondent's legal position, HAVANA CLUB rum's exposure in the United States further supports respondent's legal argument.

Petitioners' Rule 56(f) affidavit characterizes respondent's showing that returning United States visitors to Cuba bring back HAVANA CLUB rum as accompanying baggage as "United States passengers allegedly returning to the United States with HAVANA CLUB rum in violation of U.S. law." (Golden Aff. ¶ 8(g).) This raises no issue for discovery; petitioners have not produced any possible refutation of the showing that bottles of rum enter the United States, and their statement that such importation violates U.S. law is legally incorrect. *See* 31 C.F.R. 515.560(c)(3) (authorizing United States visitors to Cuba to bring back \$100 worth of Cuban commodities for personal consumption or to give as gifts).

While petitioners might argue that the number of bottles of HAVANA CLUB rum imported into this country is open to dispute, the actual number is not relevant to respondents' showing that HAVANA CLUB rum is famous in this country. Petitioners do not, and could not seriously, contend that no United States persons visit Cuba and bring back HAVANA CLUB rum with them, so discovery is unnecessary on this issue.

v. *Havana Rum & Liquors*, Cancellation No. 22,881 (T.T.A.B. Oct. 19, 1995) slip op. at pp.17-19.¹³

Nationals of any country which is party to a trademark treaty with the United States (such as Cuba¹⁴) may register in the United States trademarks registered in that country without showing use of the mark in the United States. See Lanham Act § 44(b), 15 U.S.C. § 1126(b); J.T. McCarthy, 2,4 *McCarthy on Trademarks and Unfair Competition* (4th Ed.) at §§ 19.73, 29.10, 29.11. In accordance with its treaty obligations, the United States, notwithstanding the embargo, authorizes registration of marks in which Cuban nationals have an interest, 31 C.F.R. § 515.527, and Cubaexport registered the HAVANA CLUB mark pursuant to this authorization.¹⁵

¹³Petitioners admit that the party petitioning for cancellation of the instant trademark registration in *Arechabala* alleged that these same assignments of the HAVANA CLUB mark were "in-gross", but suggest that this Board's decision to deny the cancellation petition in the *Arechabala* case "has no bearing on this proceeding" because *Arechabala* involved different parties. (P. Opp. Mem. p.16 n.3.) Petitioners are incorrect. The legal holding of *Arechabala* -- that nonuse of a trademark is excused when a trade embargo makes it impossible for a foreign registrant to use its mark in the United States (and by logical extension, that the registrant must be able to protect its rights and to transfer those rights as part of a business reorganization or merger) -- is controlling in this case, not as a matter of res judicata or collateral estoppel, but simply through the application of stare decisis.

¹⁴Paris Convention For Protection Of Industrial Property, United States Department of State, *U.S. Treaties in Force - January 1, 1996*, 21 U.S.T. 1583, 24 U.S.T. 2140, T.I.A.S. 6923.

¹⁵The United States has similarly authorized registration of marks from numerous other countries which have been the subject of United States embargoes. See, e.g., 31 C.F.R. § 560.509 (Iran); 31 C.F.R. § 570.516 (1993) (Kuwait); 31 C.F.R. 585.515 (Federal Republic of Yugoslavia and Bosnia Serb-Controlled Areas); 31 C.F.R. § 500.527 (North Korea); 31 C.F.R. § 500.527 (1993) (Vietnam and Kampuchea); 31 C.F.R. § 550.209 (Libya; registration not regulated); 31 C.F.R. § 575.201 (Iraq; registration not regulated); 31 C.F.R. § 565.201 (1993) (Panama; registration not regulated); 31 C.F.R. § 585.201 (1993) (Haiti; registration not regulated).

Cubaexport's Section 44 registration was thus validly obtained, and Cubaexport's continuous maintenance of the registration was equally valid despite its nonuse of the mark, under the doctrine of excusable nonuse. The only issue is whether these rights were somehow extinguished by Cubaexport's reorganization of the HAVANA CLUB rum business to include a foreign partner.

The United States is obliged by treaty to provide means for protecting marks such as respondent's HAVANA CLUB mark which are registered in another treaty country, even if the marks currently may not be used in United States commerce. Article 6 *Quinques A.* of the Paris Convention for the Protection of Industrial Property, to which both the United States and Cuba are signatories, United States Department of State, *U.S. Treaties in Force - January 1, 1996*, at p.373, provides:

Every trademark duly registered in the country of origin shall be accepted for filing *and protected in its original form in the other countries of the Union*, subject to the reservations indicated below [and not relevant here].

21 U.S.T. 1583, 24 U.S.T. 2140, T.I.A.S. 6923, 7727 (emphasis added). Article 6 contains no exception relevant here.¹⁶

It would be manifestly anomalous to permit marks registered in embargoed countries to be registered here under Section 44, to excuse nonuse of such marks on the ground that there is no abandonment when use of a mark is legally impossible -- and yet to cancel registration of the mark if the registrant alters its business structure in a way that requires

¹⁶Article 3 of the General Inter-American Convention for Trademark and Commercial Protection, 46 Stat. 2907, Treaty Series 833, 2 Bevans 751, to which both Cuba and the United States are signatories, *U.S. Treaties in Force* at p. 373, is to the same effect.

assignment of the mark. Section 44 of the Lanham Act and Article 6 *Quinques* of the Paris Convention would thereby be rendered meaningless.

In addition, important considerations of reciprocity support this result here. Even though the export of United States products to Cuba is prohibited, a large number of United States companies and third-country companies substantially owned or controlled by United States companies have registered their trademarks in Cuba, as is permitted by OFAC's regulations; there are at least 400 such registrations at present, according to the Cuban Vice-President Carlos Lage in his recent address to the United Nations General Assembly (Rodriguez Dec. Ex. A). As attested to by the head of the legal department of Cuba's Chamber of Commerce in her declaration here, the Cuban authorities have permitted those companies to assign the trademarks registered in Cuba and to record such assignments. Significantly, these assignments have often been occasioned by circumstances comparable to those here: merger of a company owning the registered trademark with another company, acquisition of a company owning the registered trademark by another company, or some other reorganization of the business to which the trademark pertains. (Rodriguez Dec.).¹⁷

Petitioners' lengthy quote from J.T. McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 18.6 (4th ed. 1996) (P. Opp. Mem. p.15), simply does not contemplate a situation comparable to this. *McCarthy* relies upon *Rogers v. Ercona Camera Corp.*, 277 F.2d 94, 124 U.S.P.Q. 489 (D.C. Cir. 1960) and upon *Combined Oil Indus., Ltd. v. Oil Master, Inc.*,

¹⁷In addition to its implications for trademark relations with Cuba, and adverse ruling here may have broad international impact given the number of countries subject to United States embargoes now, or which may be subject in the future to what has become a frequently employed instrument of United States foreign policy. See n.15, *ante*.

209 U.S.P.Q. 646 (N.D. Ill. 1980), for the treatise's conclusions, and those cases make it clear that a trademark not yet in use may be transferred for potential use in a new business. Although *McCarthy* does state that this rule does not apply if at the time of transfer it was not possible to establish the potential business, the treatise adds the crucial qualifier "*and in fact none was established.*" It is *still* impossible for respondent to use its mark in the United States, so it cannot yet be determined that no HAVANA CLUB business was ever established here.¹⁸ Furthermore, uncontrovertible evidence demonstrates that a HAVANA CLUB rum business has in fact long been established outside the United States (Resp. Mem. pp. 10-11), so this is *not* a case where a mark that was *never used at all* was transferred for use in a new business.

Additionally, in *Combined Oil Industries*, cited by *McCarthy*, the court answered in the affirmative the question "whether it is possible to convey a right without a showing of prior use." The court relied on *E.F. Pritchard Co. v. Consumers Brewing Co.*, 136 F.2d 512, 520

¹⁸In *Rogers*, the United States Custodian of Alien Property, acting under the Trading With The Enemy Act, seized a German trademark. It was impossible for the Custodian to use the mark in the United States at the time of the transfer, however, because the mark's use on American-made goods would confuse consumers who recognized the mark as denoting German-made goods; and goods from Germany could not be imported at that time. In finding an invalid transfer in gross, the court stated that, "Upon termination of the first World War, it is possible that the Custodian or his successor in interest might have attempted to secure the right from [the German manufacturer] to import and sell its products in the United States [and hence begin use of the mark in this country]. This was not done, however, by the Custodian or his assignee . . ." 277 F.2d at 99. Thus, the court suggested that, if the transferee of a mark which cannot be used at the time of assignment takes steps to use the mark after it is no longer impossible to do so, the transfer does not necessarily constitute an invalid assignment in gross.

We note that the facts as alleged here, in addition, point much more strongly in favor of respondents' right to the HAVANA CLUB trademark than the facts of *Roger*, where the result of the transfer deemed to be invalid was that the trademark and the product denoted by it were "owned" by two unrelated entities. In this case the HAVANA CLUB mark has been transferred along with the HAVANA CLUB rum business and unity of the mark and product remains intact.

(6th Cir. 1943), *cert. denied*, 321 U.S. 763 (1944), in which an agreement was reached on the territorial use of a trademark before the mark was in use. The party challenging the agreement as invalid argued that the "trade-mark in question was not existent at the time of the agreement as to its use," *id.* at 520, but the court held:

"[T]here appears no reason why a party, commencing a business, cannot secure a right to a trade-mark which he adopts in the incipient stage of a new enterprise. As said by Mr. Justice Holmes: "A trade-mark is not only a symbol for an *existing* good will although it commonly is thought of only as that. Primarily, it is a distinguishable token devised or picked out *with the intent to appropriate it* to a particular class of goods and *with the hope that it will come to symbolize good will*. Apart from nice and exceptional cases and within the limits of our jurisdiction, *a trademark and a business may start together*, and in a qualified sense the trademark is property, protected and alienable

Id. (quoting *Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 632 (1927) (emphasis in quotation)). The uncontroverted facts established by respondents weigh far more strongly in favor of a holding that the assignments of the HAVANA CLUB mark were valid than did the facts of the situations suggested as permissible in *McCarthy* and related authorities. Respondent's claim to ownership of the HAVANA CLUB mark is not based solely on the "hope that it will come to symbolize goodwill," *E.F. Pritchard*, 136 F.2d at 520, but also on its ownership of the HAVANA CLUB rum business and the HAVANA CLUB trademark outside this country. Only after the trade regulations are lifted will it be possible to determine whether in fact a United States business was established using the mark. 2 *McCarthy* § 18.01[6] (4th ed. 1996).

Finally, petitioners have failed even to suggest how discovery would reveal new information on the question of law raised by their assignment-in-gross claim. The only two factual issues conceivably relevant to this claim, i.) that the assignments were incident to the

transfer of the entire worldwide HAVANA CLUB rum business and ii) that respondent's HAVANA CLUB has been broadly exposed to consumers in the United States, are not "actually and in good faith controverted." Fed. R. Civ. P. Rule 56(d). Petitioners have not contended, and would be reckless to contend, that the assignments were not appurtenant to the transfer of the entire HAVANA CLUB rum business. Petitioners have also made no showing to contradict respondent's evidence of HAVANA CLUB rum's renown in the United States. Moreover, and in and of itself dispositive of the discovery issue, the examples of media attention to HAVANA CLUB rum relied upon by respondent to demonstrate this point are in the public domain; consequently no stay for discovery is required. *Hudson River Sloop Clearwater, Inc. v. Department of the Navy*, 891 F.2d 414, 422 (2d Cir. 1989) (Rule 56(f) motion properly denied when information sought in discovery, if it existed, would have been a matter of public record).

D. Petitioners Have Not Produced Any Evidence In Support Of Their Claim That Respondent Is Using The HAVANA CLUB and Design Trademark To Misrepresent The Source Of Its Goods And Summary Judgment Is Thus Appropriate In Respondent's Favor

1. Petitioners Have Not Pleaded An Adequate Claim Of Misrepresentation Of Source Under Section 14(3) And This Claim Should Therefore Be Dismissed

Petitioners do not address the merits of respondent's argument that petitioners' repleaded Section 14(3) claim fails to state a claim upon which relief can be granted (Resp. Mem. pp. 43-46), instead arguing mistakenly that respondent's have waived this defense.¹⁹ As set forth

¹⁹Petitioners argue that respondent has somehow waived the defense that this claim fails to state a claim upon which relief can be granted by answering the claim at the same time as moving to dismiss it. It would, however, have wasted the parties' and this Board's resources and time for respondent's to have moved only to dismiss this cause of action, and to have refused to answer it, while moving for summary judgment on all other claims, thereby perhaps necessitating a further summary judgment motion on the Section 14(3) claim if it was not dismissed. Moreover, petitioners' waiver argument is legally unfounded. Rule 12(h) of the Federal Rules of Civil Procedure specifically states that a defense of failure to state a claim upon which relief

in respondent's moving papers, however, petitioners' Section 14(3) claim is deficient for three reasons.

First, petitioners did not allege in their petition (and do not suggest in their opposition to respondent's motion to dismiss that they *could* allege) that respondent is, or its predecessors were, in any way trying to trade on *petitioners'* renown or reputation. (Resp. Mem. pp. 43-44.) Rather, they claim that respondent and its predecessors have tried to trade on the reputation of Arechabala, S.A., a former Cuban company. Petitioners, however, have not claimed to be the successors to any rights of this third party, and thus do not have standing under Section 14(3) of the Lanham Act to assert those rights. 3 *McCarthy* § 20.47 (4th ed. 1996) ("even under the liberal standing rules [for cancellation proceedings], there is no right to assert rights of third parties"). Petitioners correctly state that a party who believes it may be damaged by the registration of a mark has standing to bring a cancellation proceeding (P. Opp. Mem. p. 18), but do not attempt to explain how they can believe they will be damaged by a misrepresentation that respondent's goods have a connection with Arechabala, S.A., when they have not shown that they have any connection to, or claim to the asserted rights of, that third party.

Second, the petition did not allege (and petitioners have not suggested that they *could* allege) any acts of respondent or its predecessors subsequent to their registration of the HAVANA CLUB mark in the United States which demonstrate use of the mark to misrepresent the source of goods; and it is this kind of post-registration misconduct of a registrant that Section

can be granted "may be made in any pleading permitted or ordered under Rule 7(a), or by motion for judgment on the pleadings, or at the trial on the merits." Consequently, this defense is never waived. 2A J. Moore, *Moore's Federal Practice* (1996) ¶ 12.23 at 12-234-35 and cases cited at n.16.

14(3)'s prohibition on misrepresentation of source is designed to remedy. (Resp. Mem. pp. 44-45.)

Third, neither in their petition, nor in their response to respondent's motion to dismiss, have petitioners even alleged that the words "Fundada en 1878," which are an insignificant part of the design of the respondent's registered HAVANA CLUB mark (Rule Dec. III Exh. G), are associated uniquely with Arechabala, S.A. in the minds of United States consumers, so there can be no claim of misrepresentation of source based on these words. (Resp. Mem. pp. 45-46.)

The fact that this Board found petitioners' first attempt to plead a Section 14(3) claim to be deficient; the fact that, granted leave to replead this claim, petitioners have failed to plead a cognizable cause of action; and the fact that petitioners have failed to argue in response to respondent's motion to dismiss that they *could* cure the defects in their pleading, indicates that this claim should be dismissed with prejudice.

2. Petitioners Have Not Put Forward Any Facts To Support Their Claim Of Misrepresentation Of Source Under Section 14(3) And Summary Judgment Should Therefore Be Granted In Respondent's Favor

Even if petitioners' Section 14(3) claim is not dismissed, summary judgment should be granted to respondent on this claim. (Resp. Mem. pp. 46-49.) Petitioners' Section 14(3) claim of misrepresentation of source rests entirely on an allegation that United States consumers recognize (and recognized at the time Cubaexport applied to register the HAVANA CLUB mark in the United States) the name HAVANA CLUB as referring to rum produced many decades ago by Arechabala, S.A. As demonstrated *ante* and in respondent's moving papers, petitioners lack standing to bring this claim. Moreover, as is conclusively demonstrated in

respondent's moving papers and not contested by petitioners, Arechabala, S.A. allowed its registration of the HAVANA CLUB mark to be cancelled in 1962 for failure to file a Section 8 affidavit, and last sold rum under that mark the United States at the latest in 1969, although it likely ceased sales around the time of the mark's cancellation. (Resp. Mem. pp. 18-20.) There is thus a presumption that Arechabala had abandoned the HAVANA CLUB mark for at least five years, and probably twelve years, prior to Cubaexport's 1974 application to register the mark. Even when a mark's registration has not been cancelled, as it has been here, it is the burden of the presumptive abandoner to rebut the inference of abandonment once a prima facie case is established. After thirty-four years and the intervening registration by another party, that burden cannot be met and no effort to do so by petitioners here should be countenanced.

Petitioners' inability to show any residual recognition of the HAVANA CLUB mark as denoting the products of Arechabala, S.A. is eloquently demonstrated by the fact that they have not even attempted to make such an evidentiary showing in response to respondent's motion for summary judgment. They have produced not a trace of evidence that there was any continuing recognition of the Arechabala trademark in existence (let alone sufficient recognition to cause consumer confusion) when Cubaexport's mark was registered (*see* Resp. Mem. pp.18-20, 46-48), and this failure is fatal to their claim of misrepresentation of source. *Sweats Fashions, Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 1562 (Fed. Cir. 1987) (more is required in opposing a motion for summary judgment than "mere assertions of counsel") (citation omitted).²⁰

²⁰Moreover, if there were any continuing recognition of Arechabala, S.A.'s use of a HAVANA CLUB mark in the United States, petitioners themselves would thereby be precluded from using any similar mark; if, as petitioners' claim, respondent's use of the HAVANA CLUB trademark would "deceive U.S. purchasers" (P. Opp. Mem. p.19), so would any use of the mark by petitioners, who are no more successors to the interests and hypothetical "goodwill" of this

Petitioners have also failed to show how extra time for discovery on this issue would alter their inability to support the claim with any evidence. It is petitioners who alleged that there was continuing recognition of Arechabala, S.A.'s mark in the United States; and evidence to support this allegation (if it exists) would not be in respondent's control, would be as available to petitioners as to respondent, and would have been available to petitioners prior to their filing this suit. There is thus no reason to grant a continuance for discovery on this claim. "A non-movant runs the risk of a grant of summary judgment by failing to disclose the evidentiary basis for its claim." *Pure Gold, Inc. v. Syntex (U.S.A.), Inc.*, 739 F.2d 624, 627, 222 U.S.P.Q. 741 (Fed. Cir. 1984). *Cf. United States v. Private Sanitation Indus. Ass'n*, 811 F. Supp. 808, 817-18 (E.D.N.Y. 1992), *aff'd*, 995 F.2d 375, 377 (2d Cir. 1993) ("[t]here is no reason to grant a continuance to a litigant who has personal and intimate knowledge of the underlying facts for the purported purpose of conducting discovery to ascertain those identical facts"); *Sage Realty v. Insurance Co. of North America*, 34 F.3d 124, 128 (2d Cir. 1994) (Rule 56(f) motion properly denied, although defendant claimed it required access to documents in plaintiff's possession, when information contained in those documents was "publicly available"); *Hudson River Sloop Clearwater, Inc. v. Department of the Navy*, 891 F.2d 414, 422 (2d Cir. 1989).

II. SUMMARY JUDGMENT IS APPROPRIATE BECAUSE PETITIONERS' VAGUE AND CONCLUSORY RULE 56(f) AFFIDAVIT DOES NOT EVEN SUGGEST THAT DISCOVERY WOULD ALTER RESPONDENT'S SHOWING THAT THERE ARE NO ISSUES OF MATERIAL FACT TO BE DETERMINED IN THIS CASE

In its moving papers and in Point I., *ante*, respondent has demonstrated that there simply are no issues of fact that could in good faith be controverted and that are relevant to the

long-defunct corporation than is respondent.

specific grounds for cancellation alleged in the petition. Petitioners' Rule 56(f) motion for discovery is therefore groundless. Petitioners, however, make numerous sweeping generalized arguments concerning a right to broad discovery, none of which sets forth any ground for granting their motion.

A. Summary Judgment May Properly Be Granted Prior To Discovery

As a threshold matter, petitioners argue that there is a prohibition on summary judgment motions prior to discovery. (P. Mot. Mem.²¹ p.3.) The cases they cite, however, do not stand for the proposition that summary judgment is never appropriate prior to discovery.²² In reality, "Rule 56 of the Federal Rules of Civil Procedure . . . does not require trial courts to allow parties to conduct discovery before entering summary judgment." *United States through Small Business Admin. v. Light*, 766 F.2d 394, 397 (1985). *See also Keebler Co. v. Murray Bakery Prods.*, 866 F.2d 1386, 1390, 9 U.S.P.Q.2d 1736 (Fed. Cir. 1989) (affirming this Board's grant of summary judgment prior to discovery, and refusing to distinguish Rule 56(f) cases denying additional discovery after some discovery has taken place from cases where there has been no discovery at all); *Richman v. W.L. Gore & Associates, Inc.*, 881 F. Supp. 895, 905 n.13 (S.D.N.Y. 1995) (granting summary judgment despite lack of any discovery)).

²¹Petitioners' Memorandum Of Law In Support Of Their Rule 56(f) Motion For A Refusal Of Summary Judgment, Or In The Alternative, For A Continuance Allowing Discovery To Be Had is cited as "P. Mot. Mem."

²²In refusing to adopt just such a proposed "blanket prohibition on the granting of summary judgment motions before discovery," a court reasoned that the very existence of Rule 56(f) negated the need for a such a rule. *Reflectone, Inc. v. Farrand Optical Co., Inc.*, 862 F.2d 841, 844 (11th Cir. 1989). The court also noted that Rule 56(a) provides that a plaintiff may move for summary judgment after twenty days from the commencement of an action, thus specifically providing for summary judgment before significant discovery can have been taken.

In a case with a procedural posture very similar to this, where a summary judgment motion was filed in response to a notice of opposition, and thus prior to discovery, the Federal Circuit affirmed this Board's grant of summary judgment because "[s]ummary judgment need not be denied merely to satisfy a litigant's speculative hope of finding some evidence that might tend to support a complaint." *Pure Gold, Inc. v. Syntex (U.S.A.), Inc.*, 739 F.2d 624, 627 (Fed. Cir. 1984). A party moving for relief under Rule 56(f) thus "may not simply rely on vague assertions that additional discovery will produce needed, but unspecified, facts." *Simmons Oil Corp. v. Tesoro Petroleum Corp.*, 86 F.3d 1138, 1144 (Fed. Cir. 1996) (quoting *Securities & Exchange Comm'n v. Spence & Green Chemical Co.*, 612 F.2d 896, 901 (5th Cir. 1980), *cert. denied*, 449 U.S. 1082 (1981)).

B. Petitioners' Rule 56(f) Affidavit Is Inadequate To Require Discovery

Even if petitioners had successfully argued, in response to respondent's showing that there are no genuine issues of material fact with respect to any of petitioners' claims, that such a disputed issue *could* theoretically exist (which petitioners failed to do), their Rule 56(f) motion would still be inadequate to show that discovery would aid them in coming forward with evidence of such an issue.

While the Rule 56(f) affidavit of William R. Golden, Jr. submitted by petitioners asserts that "set forth more fully hereinafter" are "numerous disputed factual issues" (Golden Aff. ¶ 2), no specific disputed factual issues are described therein. The affidavit merely reiterates the facts as established by various affidavits submitted by *respondent*, and "disputes" these facts only by inserting the word "purported" at regular intervals in this reiteration. (Golden Aff. ¶ 8.) Petitioners' hope that some unspecified information which might bear on their claims could

possibly be revealed during generalized and broad discovery is insufficient to require denial of respondent's summary judgment motion. *Maljack Productions v. GoodTimes Home Video Corp.*, 81 F.3d 881, 888, 38 U.S.P.Q.2d 1478 (9th Cir. 1996) (party opposing summary judgment under Rule 56(f) was properly refused discovery "to search for evidence it thought 'may exist'").

Ordinarily, summary judgment should not be granted when there are relevant facts remaining to be discovered, *but the party seeking discovery bears the burden of showing what specific facts it hopes to discover that will raise an issue of material fact.*

Harris v. Duty Free Shoppers Ltd., 940 F.2d 1272, 1276 (9th Cir. 1991) (emphasis added).

Petitioners have not carried this burden here; they have not set forth any actual example of the kinds of information they hope discovery of respondent would reveal -- let alone state *with precision* the materials they hope to uncover, *Licari v. Ferruzzi*, 22 F.3d 344, 350 (1st Cir. 1994) -- relying instead on a generalized assertion of a need to ascertain the truth or right to conduct discovery that has repeatedly been held insufficient for Rule 56(f) purposes. "Rule 56(f) is not a free pass to avoid a ruling on the merits." *Vasapolli v. Rostoff*, 864 F. Supp. 215, 225 (D. Mass. 1993), *aff'd*, 39 F.3d 27 (1st Cir. 1994).²³

²³Cases petitioners rely upon to argue that respondents' motion for summary judgment is premature are not to the contrary. In *Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 U.S.P.Q.2d 1471 (Fed. Cir. 1992), which petitioners claim to be "controlling" here (P. Mot. Mem. p.3), the court specifically noted that the nonmoving party's Rule 56(f) affidavit "states more than a mere speculative hope of finding evidence that might tend to support a claim." *Id.* at 852. Petitioners, in contrast, have done no more than state a speculative hope of finding some evidence. *Celotex Corp. v. Catrett*, 477 U.S. 317, 326 (1986), *Dunkin' Donuts of America v. Mettallurgical Exoproducts Corp.*, 840 F.2d 917, 919, 6 U.S.P.Q.2d 1026 (Fed. Cir. 1988) and *Burnside-Ott Aviation Training Center, Inc. v. United States*, 985 F.2d 1574, 1581 (Fed. Cir. 1993), stand for no more than the proposition that discovery must be allowed to a party who makes a showing that it has not had adequate time for discovery *because* relevant facts are likely to be revealed through further discovery; petitioners have made no such showing.

Petitioners state that they are "entitled . . . to ferret out the truth of what really happened with respect to the reorganization of the business associated with the HAVANA CLUB and Design mark" (P. Mot. Mem. p.6), without even suggesting a colorable reason -- whether based in fact or even in common sense -- to believe that what "really happened" is anything other than is shown by respondent's evidence. Under Rule 56(f), "[t]he movant is 'required to state with some precision the materials he hope[s] to obtain with further discovery, and exactly how he expect[s] those materials would help him in opposing summary judgment' It is not enough simply to assert, a la Wilkins Micawber, that 'something will turn up.'" *Id.* (citation omitted). Petitioners' assertion that they hope to "ferret out" some completely undefined information about the HAVANA CLUB rum business demonstrates nothing more than their unsupported hope that "something will turn up" to support their claims (which they have otherwise been unable to support with any evidence whatsoever). This is insufficient under Rule 56(f).

Petitioners argue in favor of another non-existent *per se* rule -- that summary judgment is never appropriate prior to discovery on claims which invoke the intent of a party -- asserting that respondent should not be permitted to "submit fact affidavits pertaining to issues of fraudulent intent" without petitioners having conducted discovery. Yet, as demonstrated *ante*, the subjective intent of respondent or its predecessors is *irrelevant* to disposition of petitioners' fraud claims, which cannot succeed as a matter of law.

This is dispositive, but it should also be noted that, even when considerations of subjective intent are relevant, there is no rule such as petitioners hypothesize, for:

The summary judgment rule would be rendered sterile . . . if the mere incantation of intent or state of mind would operate as a talisman to defeat an otherwise valid motion.

Meiri v. Dacon, 759 F.2d 989, 998 (2d Cir.), *cert. denied*, 474 U.S. 829 (1985). "[M]ere mention" of a party's intent in registering a mark does not itself render the Rule 56(f) motion adequate. *Keebler Co. v. Murray Bakery Prods.*, 866 F.2d 1386, 1388, 9 U.S.P.Q.2d 1736 (Fed. Cir. 1989). Further, petitioners again fail to allege any fact they expect to be uncovered during discovery regarding their claims of fraudulent intent. In a trademark case where the plaintiffs, like petitioners here, asserted that the defendants had fraudulently registered a mark, the court granted summary judgment in the defendants' favor despite the fact that discovery was not complete, because:

[T]he plaintiff has presented no evidence of fraud and has relied exclusively upon conclusory allegations and bald assertions. Plaintiff has failed to come forward with even a scintilla of evidence demonstrating defendant's fraudulent intent or acts It also has failed to demonstrate how further discovery might lead to such evidence.

Ace Hardware Co., Inc. v. Ace Hardware Corp., 532 F. Supp. 770, 773, 218 U.S.P.Q. 240 (N.D.N.Y. 1982). Similarly, petitioners allege only that "fraudulent intent . . . is a *disputed* fact issue" (Golden Aff. ¶ 10 (emphasis in original)), without a scintilla of supporting evidence or any suggestion of how discovery would lead to such evidence.

Petitioners also argue that their need for discovery is illustrated by the fact that respondent submitted twenty-four affidavits in support of its motion. (P. Mot. Mem. p. 5.) Not surprisingly, however, they do not cite any authority for the proposition that the right to discovery by a party opposing summary judgment is dependent on, or in any way related to, the number of affidavits submitted by the movant. They state only that "[p]etitioners are entitled to depose

these affiants and to direct interrogatories and pose document requests relating to the subject matters they have testified to in their sworn statements." (P. Mot. Mem. p.5.) Petitioners are incorrect; this kind of blanket statement of entitlement to depose affiants to "test and elaborate" the veracity of affidavits submitted in support of summary judgment is "too vague" to require discovery under Rule 56(f). *Strang v. United States Arms Control and Disarmament Agency*, 864 F.2d 859, 861 (D.C. Cir. 1989). Consequently, a party seeking to oppose summary judgment "may not rely simply on conclusory statements or on contentions that the affidavits supporting the motion are not credible." *Ying Jing Gan v. City of New York*, 996 F.2d 522, 532 (2d Cir. 1993).

Petitioners' general assertions of need for document production are no more persuasive. In *First Savings Bank, F.S.B. v. First Bank System, Inc.*, 902 F. Supp. 1366 (D. Kan. 1995), *rev'd on other grounds*, 101 F.3d 645, 40 U.S.P.Q.2d 1865 (10th Cir. 1996), the plaintiff in a trademark infringement action argued that the defendants' motion for summary judgment should be denied and that defendants should be required to produce documents that they had previously asserted were privileged, but which the court had determined were not. Despite its determination that the documents were not privileged, the court denied the motion because the plaintiff's Rule 56(f) motion "relies on speculative assertions that these . . . documents might contain information relevant in opposing the defendants' motion," "does not identify 'probable facts not available,'" and "does not demonstrate that any facts, probable or not, found in those documents would rebut the defendant's allegation that there are no genuine issues of material fact." *Id.* at 1382-83. Petitioners' Rule 56(f) affidavit concerning access to documents in respondent's possession suffers from identical flaws.

Finally, petitioners state sweepingly that "[t]he great bulk of the evidence relevant to [petitioner's] claims is exclusively within Respondents' possession" without attempting to specify what this "relevant" evidence might consist of. (Golden Aff. ¶ 6.) This kind of statement is, again, insufficient to require denial of summary judgment. In *Jarvis v. Nobel/Sysco Food Services Co.*, 985 F.2d 1419 (10th Cir. 1993), the plaintiff sued his employment union for violation of a duty of fair representation. After summary judgment was granted to the union prior to discovery, the plaintiff claimed he had wrongly been denied discovery. In affirming, the appellate court stated:

[A] mere assertion 'that the evidence supporting a [party's] allegation is in the hands of the [opposing party] is insufficient to justify a denial of a motion for summary judgment under Rule 56(f).' Rather, the party filing the affidavit must show *how additional time will enable him to rebut movant's allegations of no genuine issue of fact.*

Id. at 1423 (citations omitted; emphasis added). Because the plaintiff had the burden of proving his claim, "he could not avoid summary judgment under Rule 56(f) without detailing by affidavit the evidence he expected to discover regarding the Union's decision not to pursue his grievance."

Id. These principles apply here: petitioners have the burden of proving their claims for cancellation, and have not in any way detailed what evidence they expect to discovery to support those claims. They have not shown how additional time will allow them to rebut respondent's showing that no genuine issue of material fact stands in the way of summary judgment, and thus their rule 56(f) motion must be denied.

C. Petitioners' Proposed Discovery Requests Seek Irrelevant Information

Petitioners have attached to their Rule 56(f) affidavit numerous proposed discovery requests which they claim pertain to "key issues."²⁴ (Golden Aff. ¶ 11.) As already demonstrated, however, there are no disputed issues of material fact to be decided in this case, and petitioners' Rule 56(f) affidavit does nothing to alter this conclusion. These proposed discovery requests, seeking information that has no relevance to this action, are thus extraneous to the instant motion and provide no additional support for petitioners' Rule 56(f) argument. Where the type of evidence sought by a party opposing summary judgment under Rule 56(f) would not render that party's claims viable, discovery should be denied. *Licari v. Ferruzzi*, 22 F.3d 344, 350 (1st Cir. 1994). See also *United States Olympic Committee v. O-M Bread, Inc.*, 29 U.S.P.Q.2d 1555, n.3 (T.T.A.B. 1993) (Rule 56(f) motion denied when discovery requested related to issues on which summary judgment was not sought); *Qualls v. Blue Cross of California, Inc.*, 22 F.3d 839, 844 (9th Cir. 1994) (where evidence to be elicited in discovery is not material to issues on summary judgment, Rule 56(f) motion is properly denied); *Harris v. Duty Free Shoppers Ltd.*, 940 F.2d 1272, 1276 (9th Cir. 1991) (same); *Powers v. McGuigan*,

²⁴Since "[p]roceedings herein are suspended pending disposition of the motion for summary judgment," Order of the T.T.A.B. dated December 10, 1996, it is unnecessary for respondent to respond to petitioners proposed discovery requests as if they were genuine requests.

In addition to their failure to show that they are entitled to discovery at all, petitioners certainly have provided no "good cause" as to why they should be permitted to take depositions upon oral examination. 37 C.F.R. § 2.120(c)(1). In any event, a deposition in a foreign country may only be taken upon written questions unless a foreign deponent "will be" in the United States or the Board orders otherwise. 37 C.F.R. 2.120(c)(2). This Board does not order foreign persons to come to the United States to have their depositions taken, *Rhone Poulenc Indus. v. Gulf Oil Corp.* 198 U.S.P.Q. 372 (T.T.A.B. 1978), and petitioners have made no showing that any foreign person it wishes to depose will be in the United States nor that petitioners are able to take depositions in Cuba.

769 F.2d 72, 76 (2d Cir. 1985) (no abuse of discretion in granting summary judgment "where the discovery sought would not meet the issue that the moving party contends contains no genuine issue of material fact").²⁵

An example of the irrelevance of petitioners' proposed discovery is their bald claim that they are "entitled to obtain complete copies of all agreements pertaining to the transfer and licensing of the HAVANA CLUB and Design mark" (P. Mot. Mem. p.6) and that they are entitled to identify every person or entity involved in such assignments (Golden Aff. ¶ 12(b)), without any citation of the basis for their belief that they are so entitled. Respondent submitted portions of the production contract between the rum's producer and the mark's licensee (which make it clear that respondent and its licensee have control over the quality and specifications of HAVANA CLUB rum (Abarrategui Dec. II. Exh. F)) as additional support for its showing that the United States registration of the HAVANA CLUB trademark was assigned as a necessary incident of the transfer of the entire HAVANA CLUB rum business to respondent; but petitioners did not allege in their petition and have nowhere argued that respondents have abandoned their mark through lack of control over the quality of the product. There is thus absolutely no basis for petitioners' claim of entitlement to further discovery on this issue.

Respondent also submitted as much of the agreements governing the reorganization of the HAVANA CLUB rum business as make it clear that Havana Rum & Liquors, S.A.

²⁵Cases relied upon by petitioners do not stand for any contrary proposition. For example, in *Snook v. Trust Co. of Georgia Bank of Savannah, N.A.*, 859 F.2d 865 (11th Cir. 1988), the court stated that, "If the documents or other discovery sought would be relevant to the issues presented by the motion for summary judgment, the opposing party should be allowed the opportunity to utilize the discovery process to gain access to the requested materials." *Id.* at 870 (emphasis added). As discussed throughout this memorandum, petitioners have not shown that discovery they seek would be relevant to the issues presented for summary judgment.

acquired all world-wide rights to the commercial exploitation of the HAVANA CLUB mark, including goodwill, from Cubaexport (Perdomo Dec. III. Exh. A; Evenson Dec.), and that respondent acquired all such rights, including goodwill and specifications for HAVANA CLUB rum, from Havana Rum & Liquors, S.A. (Perdomo Dec. II. Exh. A). As already demonstrated, however, the petition does not allege, and petitioners have not contended, that the international goodwill of the HAVANA CLUB rum business was not transferred with the business. Instead, petitioners rely only on an assertion of law that there could be no goodwill to transfer in the United States without use of the mark and that the assignment of the United States registration must hence be invalid as a matter of law. There is thus no reason for petitioners to have access to further information about the business reorganization of the international HAVANA CLUB rum operation.

In addition, petitioners have submitted not a trace of evidence that contradicts either the explicit terms of the contractual documents submitted by respondent, or the sworn declarations of officials of the companies involved in the reorganization concerning its terms. They attempt to make much of the fact that respondent submitted redacted versions of certain lengthy business contracts (P. Mot. Mem. p.5), but confidential business documents and trade secrets are frequently redacted before production, especially when parties are business competitors (as are the parties here, potentially in the United States, and at present elsewhere in the world). *See Rhone-Poulenc Rorer Inc. v. Home Indemnity Co.*, 20 Fed. R. Serv. 3d 1479, 1991 WL 78200 at *4 (E.D. Pa. May 7 1991) (permitting redaction of "confidential information, such as trade secrets and business practices"); *Nestle Foods Corp. v. Aetna Casualty and Surety Co.*, 135 F.R.D. 101, 107 (D.N.J. 1990) (same); *Jernberg Forgings Co. v. United States*, 598 F. Supp. 390,

393 (C.I.T. 1984) (redaction appropriate of information that could damage party's market position).

Petitioners are no more entitled to depose witnesses concerning these documents than they are to obtain the documents themselves. The relevant excerpts from these contractual documents submitted by respondent are unambiguous and thus parol evidence would be inadmissible on summary judgment to contradict these provisions. *Maljack Productions v. GoodTimes Home Video Corp.*, 81 F.3d 881, 886, 38 U.S.P.Q.2d 1478 (9th Cir. 1996).

Petitioners also seek "[e]ach and every document and material contained in the Cuban trademark registration file which refers to or relates to the HAVANA CLUB and Design trademark and each variation thereof." As demonstrated in respondents' moving papers, however, questions of the validity of a foreign registration which is indisputably in existence may not be addressed by United States tribunals. (Resp. Mem. p.22.) Consequently, there is no valid reason for petitioners to seek this discovery.

Petitioners seek "[e]ach and every document which refers or relates to the date of first use of the HAVANA CLUB and Design trademark and each variation thereof in each and every country for which Respondents claim ownership of said mark." Respondent submitted copies of certificates of trademark registration from various countries simply as additional support for its uncontroverted allegations that the HAVANA CLUB rum business is an international enterprise, however, and consequently there is no reason for petitioners to have access to documents concerning the establishment of respondent's business in countries where petitioners and respondent are business competitors; certainly such documents relate to no "key issue" raised by petitioners as grounds for cancellation.

Petitioners seek "[e]ach and every document" concerning "payment made to Jose Arechabala, S.A. as consideration for the HAVANA CLUB and Design mark and each variation thereof" and "compliance with Cuban Law No. 890 in connection with the HAVANA CLUB and Design mark and each variation thereof." Respondents have demonstrated, however, that the 1960 nationalization of Arechabala, S.A. in Cuba has nothing to do with petitioners' claims of fraud (Resp. Mem. pp. 24-28), and petitioners have not argued to the contrary. This proposed discovery is thus irrelevant.

Another example of the irrelevance of petitioners' proposed discovery is found in their claim that they are entitled to discovery on all aspects of "use" of the HAVANA CLUB trademark by respondent and others. (Golden Aff. ¶¶ 11 (d) & (e).) "No rule requires the granting of unfocused requests of [this] type." *Keebler Co. v. Murray Bakery Prods.*, 866 F.2d 1386, 1390 (Fed. Cir. 1989) (rejecting Rule 56(f) motion seeking "certain information regarding Applicant's use of the mark, channels of trade and other evidence necessary to prepare a response"); *Strang Corp. v. Stouffer Corp.*, 16 U.S.P.Q.2d 1309 n.6 (T.T.A.B. 1990) (holding that affidavit stating that "petitioner will seek to elicit information and obtain documents . . . including items relevant to consumer recognition, use, prior knowledge, channels of trade" was "no more than the 'discovery for discovery's sake' that was condemned by the Court in *Keebler*").

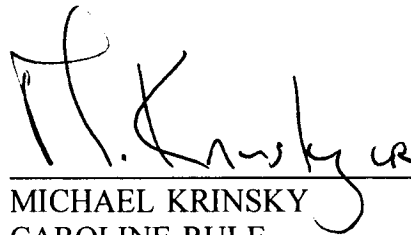
The foregoing examples of the breadth and irrelevance of petitioners' proposed discovery requests confirm that petitioners seek to engage in just the kind of "discovery for discovery's sake" that the Federal Circuit (and this Board) refused to countenance in *Keebler*, 866 F.2d at 1390, and that their request for discovery should be denied.

Conclusion

Because the uncontroverted record presents dispositive issues of law, because petitioners have not raised any issues of material fact that contradict respondent's showing in support of its motion for summary judgment, and because petitioners have not shown how discovery could possibly produce such issues -- and for each of these reasons individually -- petitioners' motion for discovery pursuant to Rule 56(f) should be denied and respondent's motion for summary judgment should be granted.

Dated: New York, New York
 February 10, 1997

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Krinsky", written over a horizontal line.

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CANCELLATION NO. 24108

CERTIFICATE OF EXPRESS MAILING AND SERVICE

Date of Deposit:

February 10, 1997

I hereby certify that the annexed Memorandum Of Law In Opposition To Petitioners' Rule 56(f) Motion is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated above, addressed to:

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